

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

October 19, 2005

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case 2005-00436

RECEIVED

OCT 24 2005

PUBLIC SERVICE
COMMISSION

Re: Mountain Water District - KRS 278.023 Application

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the Mountain Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

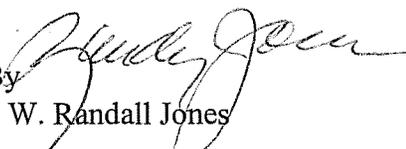
Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the **Preliminary and Final Engineering Reports, of which two (2) copies are enclosed.**

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By


W. Randall Jones

WRJ:ilm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Account No. 2286.0000

Re: Mountain Water District Waterworks Revenue Bonds, Series 2005, in the principal amount of \$1,650,000 (Lower Johns Creek Water Project)

Mr. Kenneth Slone, State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5744

Phone: (859) 224-7336
Fax: (859) 224-7425

Mr. Elwood Howe
Rural Development
220 West First Street
Morehead, Kentucky 40351

Phone: (606) 784-6447
Fax: (606) 784-2076

Mr. Will Brown, Superintendent
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502-3157

Phone: (606) 631-9162
Fax: (606) 631-3087

Mr. Charlie Byers
Summit Engineering, Inc.
131 Summit Drive
Pikeville, Kentucky 41501

Phone: (606) 432-1447
Fax: (606) 432-1440

Daniel Stratton, Esq.
Stratton, Hogg & Maddox, P.S.C.
P.O. Box 1530
Pikeville, Kentucky 41502-1530

Phone: (606) 437-7800
Fax: (606) 437-7569

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Phone: (502) 569-7534
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

RECEIVED

OCT 24 2005

PUBLIC SERVICE COMMISSION

THE APPLICATION OF MOUNTAIN)
WATER DISTRICT FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND) CASE NO. 2005-00436
NECESSITY TO CONSTRUCT, FINANCE AND)
INCREASE RATES PURSUANT TO KRS 278.023)

APPLICATION

This Application of the Mountain Water District ("Applicant") respectfully shows:

1. That Applicant is a water district of Pike County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Mountain Water District
c/o Mr. Will Brown, Manager
P.O. Box 3157
Pikeville, Kentucky 41502-3157

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks and sewer system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.

4. That the project consists of the construction and installation of approximately 72,000 feet of water line and appurtenances, two booster pump stations and two 20,000 gallon skid tanks.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$1,650,000 of its Waterworks Revenue Bonds; (ii) a Rural Development ("RD") grant in the amount of \$600,000; (iii) an Appalachian Regional Commission ("ARC") grant in the amount of \$500,000; and (iv) a Community Development Block Grant ("CDBG") in the amount of \$1,000,000. Applicant has a commitment from RD to purchase said \$1,650,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairperson of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the Appalachian News-Express, which is the newspaper of general circulation in Applicant's service area and in Pike County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

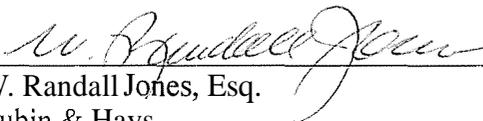
9. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section I.

WHEREFORE, Applicant, the Mountain Water District asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$1,650,000 of Mountain Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.50% per annum; (ii) an RD grant in the amount of \$600,000; (iii) an ARC grant in the amount of \$500,000; and (iv) a CDBG grant in the amount of \$1,000,000.
- c. An Order approving the proposed increased rates as set out in Section 25 of the RD Letter of Conditions, filed herewith as an Exhibit.

Mountain Water District

By: 
Chairperson
Board of Water Commissioners


W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525



United States Department of Agriculture
Rural Development
Kentucky State Office

January 20, 2005

Ms. Toni Akers, Chairperson
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502

Dear Ms. Akers:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by Written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,650,000, a RUS grant not to exceed \$600,000, an Appalachian Regional Commission (ARC) grant of \$500,000, a Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of \$1,000,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.mrdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD)

1. Number of Users and Their Contribution:

There shall be 13,400 water users, of which 13,068 are existing users and **332** are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the Water District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - Far Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 55 10, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$765.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$91,800. The deposits are to be resumed any time the account falls below the \$91,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Water District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

5. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the Water District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The Water District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts. The Water District shall be required to submit a COPY of its audit agreement for review and approval prior to pre-closing the loan. Rural Development approval of the accounting system is required.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$688,000.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Water District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

15. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

16. Treatment Plant/System Operator:

The Water District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the Water District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Water District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

18. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

19: Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

21. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Water District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

22. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,990,300
Land and Rights	45,000
Legal and Administrative	45,000
Engineering	365,700
Interest	35,000
Contingencies	<u>269,000</u>
TOTAL	\$ 3,750,000

Financing:

RUS Loan	\$ 1,650,000
RUS Grant	600,000
ARC Grant	500,000
HUD-CDBG	<u>1,000,000</u>
TOTAL	\$ 3,750,000

23. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999, must be made by Electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

24. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/ARC/HUD-CDBG grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

Mountain Water District

25. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8" x 3/4" Meter:

First	2,000	gallons @ \$	18.06 - Minimum Bill,
Next	8,000	gallons @ \$	6.03 - per 1,000 gallons.
All Over	10,000	gallons @ \$	5.24 - per 1,000 gallons.

1" Meter:

First	5,000	gallons @ \$	36.15 - Minimum Bill.
Next	5,000	gallons @ \$	6.03 - per 2,000 gallons.
All Over	10,000	gallons @ \$	5.24 - per 1,000 gallons.

2" Meter:

First	20,000	gallons @ \$	118.70 - Minimum Bill.
All Over	20,000	gallons @ \$	5.24 - per 1,000 gallons.

3" Meter:

First	30,000	gallons @ \$	171.10 - Minimum Bill.
All Over	30,000	gallons @ \$	5.24 - per 1,000 gallons.

4" Meter:

First	50,000	gallons @ \$	275.00 - Minimum Bill.
All Over	50,000	gallons @ \$	5.24 - per 1,000 gallons.

6" Meter:

First	100,000	gallons @ \$	537.90 - Minimum Bill.
All Over	100,000	gallons @ \$	5.24 - per 1,000 gallons.

5/8" x 3/4" tap on fees \$675.00, all larger size meter tap on fees will be at actual cost

Line Leak Adjustment Rate \$ 3.37 - per 1,000 gallons.

26. Water Purchase Contract:

The Water District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

27. Commitment of ARC and HUD-CDBG Grant Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC grant in the amount of \$500,000 and for the HUD-CDBG grant in the amount of \$1,000,000.

28. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Water District and Rural Development officials that there are no other alternatives to Construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

29. Mitigation Measures:

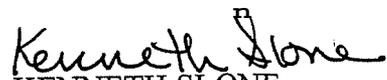
- A. The project shall be in compliance with all requirements noted in the Kentucky Department for Local Government letter dated July 22,2003, from Mr. Ronald A. Cook, Manager.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated October 8,2003, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

30. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Prestonsburg, Kentucky
Big Sandy ADD - Prestonsburg, Kentucky
Daniel Stratton - Pikeville, Kentucky
✓Rubin and Hays - Louisville, Kentucky
Summit Engineering, Inc. - Lexington, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

October 6,2005

SUBJECT: Mountain Water District
Lower Johns Creek Water Supply
Contract Award Concurrence

TO: Area Director
Morehead, Kentucky

This is a revised letter of concurrence for the above referenced project. Contract 3 award was omitted from the original correspondence. Please replace the previous concurrence letter dated October 6,2005. Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 1, BP Pipeline, Inc., in the amount of \$1,714,400.00, and the low bidder on Contract 2, Patriot Construction, in the amount of \$717,479.00, and the low bidder on Contract 3, Microcomm, in the amount of \$42,274.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


KENNETH SLONE
to State Director
Rural Development

cc: Summit Engineering, Inc.
Pikeville, Kentucky

~~Rubin and Hayes~~
Randy Jones
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859)224-7300 • Fax: (859)224-7425 • TDD: (859)224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender"
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202)720-5964 (voice or TDD)

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Mountain Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by Rural Development in connection with a loan by RD to the District in the amount of \$1,650,000 to be evidenced by the issuance by the District of its Waterworks Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising its water charges as set forth below:

Current Monthly Service Connection Fee

<u>Size of Connection</u>	<u>Service Connection Fee</u>
5/8 x 3/4 inch	\$575.00
1 inch	Actual cost of construction
over 1 inch	Actual cost of construction

Proposed Monthly Service Connection Fee

<u>Size of Connection</u>	<u>Service Connection Fee</u>
5/8 x 3/4 inch	\$675.00
1 inch	Actual cost of construction
over 1 inch	Actual cost of construction

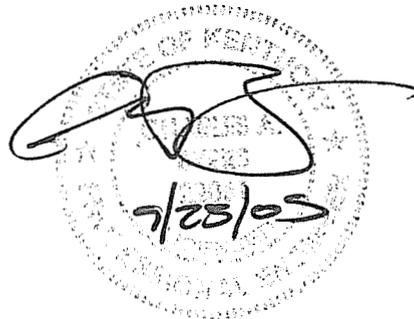
The RD loan proceeds will be used in conjunction with an RD Grant in the amount of \$600,000; an ARC grant in the amount of \$500,000, and a CDBG grant in the amount of \$1,000,000 to finance the cost of extensions, additions and improvements to the existing waterworks system of the District, consisting of the construction and installation of approximately 72,000 feet of water line and appurtenances, two booster pump stations and two 20,000 gallon skid tanks. Signed: Toni Akers, Chairperson, Mountain Water District

FINAL ENGINEERING REPORT
JOHNS CREEK WATER SUPPLY PROJECT

SEPTEMBER 23, 2005

RECEIVED
OCT 24 2005
PUBLIC SERVICE
COMMISSION

Prepared for
MOUNTAIN WATER DISTRICT
PIKE COUNTY, KENTUCKY



A circular professional seal for the State of Kentucky. The outer ring contains the text "STATE OF KENTUCKY" at the top and "PUBLIC SERVICE COMMISSION" at the bottom. Inside the ring, the words "PROFESSIONAL ENGINEER" are visible. A handwritten signature is scrawled across the center of the seal, and the date "9/23/05" is written below the signature.



Pikeville

Lexington

Hazard

Charleston

Logan

Grundy

LOWER JOHNS CREEK WATER EXTENSION PROJECT
FINAL ENGINEERING REPORT
CONTRACT
MOUNTAIN WATER DISTRICT
PIKE COUNTY, KENTUCKY

Introduction

This report is prepared as documentation for the award of the contract for the Lower Johns Creek Water Supply Project. The project is part of an effort by The Mountain Water District to provide potable water service to residents located on several areas of lower Johns Creek.

History/Objective

Planning identified the Lower Johns Creek area as an area that was lacking potable water service. It identified the existing problems in the area caused by poor groundwater. It also outlined a means for providing a potable water service for the residents in the area.

The intent of the Lower Johns Creek Water Extension Project is to provide the residents of Lower Johns Creek with a reliable potable water system.

Plans and Approvals

Plans, specifications, construction permit applications, and supporting calculations were submitted to the Division of Water for review in August of 2003. The Division of Water approval letters were issued on September 4, 2003 for potable water line extension. An extension letter was issued for the project on September 29, 2004.

Award of Contract

The rules for award are lowest base bid. Alternates and deducts are not considered for the lowest base bid.

The bids were within the project estimate and funding commitments. At the Mountain Water District's request and approval Summit Engineering, Inc. has awarded the contract to the low bidders, which are B.P. Pipeline (contract 1A and 1B) and Patriot Construction (contract 2). (see bid recommendation letter attached)

Financial Viability

The project can be fully constructed, because of the committed funds. All funds are available for draw down on the project except the RD and ARC. The breakdown of the project finances is included at the end of this report.

Construction Schedule

The contract has a 210 calendar day construction time. It is a project goal to issue a Notice to Proceed dated no later than October 1, 2005. This would have the contractor completing construction on June 17, 2005.

PRELIMINARY OPINION OF PROBABLE PROJECT COST
 LOWER JOHNS CREEK WATER SUPPLY PROJECT
 8/26/05

ITEM NUMBER	ITEM DESCRIPTION	UNIT	UNIT COST	QTY	AMOUNT
2	Contract 2	LS	\$ 717,479.00	1	\$ 717,479.00
3	Contract 3	LS	\$ 42,274.00	1	\$ 42,274.00
TOTAL CONSTRUCTION COST					\$2,474,153.00
Construction Contingency @ 10%					\$247,415.30
Basic Engineering @		6.797%			\$168,168.18
Resident Inspection @		3.107%			\$76,871.93
Additional Engineering Services					\$62,500.00
Preliminary & Final Engineering Report			\$5,000.00		
Project Financing and Administration Including CDBG			\$50,000.00		
Environmental			\$7,500.00		
Geotechnical					\$5,000.00
Archaeological Investigations					\$1,500.00
Right of Way (Title Opinion, Appraisal, Negotiations, Property Surveys, Acq / Condemnation)					\$50,000.00
Miscellaneous (Legal, Fees for RR permits, Advertisements & Public Notices, etc.)					\$ 48,256.36
TOTAL PROJECT COST					\$3,133,864.771



SUMMIT ENGINEERING INC.

SINCE 1977

August 17,2005

Mountain Water District
P.O.Box 3157
Pikeville, KY 41502

Re: Lower Johns Creek Water Supply Project
Bid Tabulation

Ladies and Gentlemen.

Bids were opened on August 17,2005 at 2:00 PM local time at the Mountain Water District offices for the above referenced project. The following parties were in attendance:

PERSONNEL
Will Brown
Trish Varney
Dwayne Taylor
Brian Hansel
Keith Robinson
W. Keith Hall
Charles Byers
Jody G Hunt

REPRESENTING
UMG
UMG
Taylor Farm Supply
Consolidated Pipe and Supply
BMM
BMM
Summit Engineering, Inc.
Summit Engineering, Inc.

A certified tabulation of the bids received is attached hereto as Exhibit 'A'. Complete copies of the bids for the project reading file are provided in the attached envelope labeled Exhibit 'B'.

Bids were received from the following companies on Contracts 1A & 1B; BMM, D.F. Bailey, and BP Pipeline. The bids were as follows:

BMM	\$1,807,485.00
D.F. Bailey	\$1,732,510.19
BP Pipeline	\$1,714,400.00
Engineer's Estimate	\$1,899,437.50

Math errors were found on the bids from BMM and BP Pipeline
The math errors were as follows, but did not affect the low bidder.

	Submitted	Actual	Difference
BMM	\$1,799,765.00	\$1,807,485.00	\$7,720.00
BP Pipeline	\$1,713,400.00	\$1,714,400.00	\$1,000.00

The apparent low bidder is BP Pipeline There were three addendums. All contractors had acknowledged the addendums.

Bids were received from the following companies on Contract 2; BMM, D.F. Bailey, Patriot Construction, BP Pipeline. The bids were as follows:

H2O	\$931,520.00
DF Bailey	\$762,577.88
BP Pipeline	\$792,957.50
Patriot Construction	\$717,479.00
Engineer's Estimate	\$881,787.50

No math errors were found on the bids. The apparent low bidder is Patriot Construction There were three addendums. All contractors had acknowledged the addendums.

EVALUATION OF LOW BIDDER

References checks were performed on the low bidders for contracts 1A, 1B, and 2. References checked for the low bidder for contracts 1A and 1B, B.P. Pipeline, stated that the contractor does good work and that he performed the work in a satisfactory manner. B.P. Pipeline, however, is currently involved in a litigation case concerning defective pipe. The reference stated that B.P. Pipeline was a victim of circumstance because the supplier provided the defective pipe. References checked on the second low bidder for contracts 1A and 1B, D.F. Bailey, were not quick to recommend the contractor. References checked for the low bidder for contract 2, Patriot Construction, stated that the contractor has performed satisfactory on work in the past.

The contract documents provide that the owner may reject any or all bids.
The contract documents provide for a 90 day bid hold. The last day to award the contract is November 15, 2005. Due to environmental approval the contract may not be awarded prior to September 16, 2005.

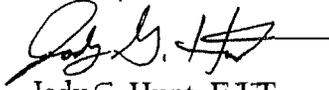
Should the owner decide to award any or all of the contracts, Summit Engineering, Inc. would caution that the following items must be confirmed / resolved

Obtain funding agency approval
Confirm availability of funds



If you have any questions or if I can be of further assistance please feel free to contact me at our Pikeville, KY office at (606) 432-1447.

Thank you,



Jody G. Hunt, E.I.T.
Project Engineer

encl.

cc: Elwood Howe, USDA / Rural Development
Will Brown, UMG
Greg May, UMG
Kevin Howard, Summit Engineering, Inc
file



· SUMMIT ENGINEERING INC.

BID TABULATION CONTRACT 1B- JOES CREEK & LEFT FORK OF JOES CREEK

ITEM NO.	ITEM	UNIT	QUANTITY	BMM (HDPE SDR 11)		D/F BAILEY (PVC SDR 17)		BP PIPELINE (PVC SDR 17)	
				UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1	GENERAL								
1a	Mobilization/DeMobilization	LS	1	\$5,000.00	\$5,000.00	\$25,167.93	\$25,167.93	\$10,000.00	\$10,000.00
1b	Seeding	LS	1	\$1,000.00	\$1,000.00	\$10,892.68	\$10,892.68	\$5,000.00	\$5,000.00
1c	Special Pipe Bedding	TON	200	\$10.00	\$2,000.00	\$23.74	\$4,748.00	\$20.00	\$4,000.00
2	WATER LINE								
2a	6" DI River Crossing Pipe	LF	108	\$40.00	\$4,320.00	\$95.40	\$10,303.20	\$90.00	\$9,720.00
2b	8" Water Main, Unclassified ¹ ()	LF	0		\$0.00		\$0.00	\$18.00	\$0.00
2c	6" Water Main, Unclassified ¹ ()	LF	24,900	\$15.00	\$373,500.00	\$7.63	\$189,987.00	\$13.25	\$329,925.00
2d	4" Water Main, Unclassified ¹ ()	LF	7,920	\$14.00	\$110,880.00	\$6.12	\$48,470.40	\$12.50	\$99,000.00
2e	6" DI Water Line, CL 350, MJ	LF	0		\$0.00		\$0.00	\$17.00	\$0.00
2f	8" DI Water Line, CL 350, PJ	LF	0		\$0.00		\$0.00	\$18.00	\$0.00
2g	6" DI Water Line, CL 350, PJ	LF	150	\$20.00	\$3,000.00	\$18.81	\$2,821.50	\$17.00	\$2,550.00
2h	4" DI Water Line, CL 350, PJ	LF	240	\$18.00	\$4,320.00	\$18.45	\$4,428.00	\$16.00	\$3,840.00
3	VALVES								
3a	8" Resilient Wedge Gate Valve, MJ	EA	0		\$0.00		\$0.00	\$1,000.00	\$0.00
3b	6" Resilient Wedge Gate Valve, MJ	EA	19	\$500.00	\$9,500.00	\$556.06	\$10,565.14	\$600.00	\$11,400.00
3c	4" Resilient Wedge Gate Valve, M ¹	EA	20	\$400.00	\$8,000.00	\$464.08	\$9,281.60	\$400.00	\$8,000.00
3d	Curb Stop	EA	4	\$500.00	\$2,000.00	\$154.40	\$617.60	\$400.00	\$1,600.00
4	FITTINGS								
4a	8"x8"x6" Compact DI Tee, MJ	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4b	8"x8"x4" Compact DI Tee, MJ	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4c	6"x6"x6" Compact DI Tee, MJ	EA	3	\$500.00	\$1,500.00	\$315.66	\$946.98	\$300.00	\$900.00
4d	6"x6"x4" Compact DI Tee, MJ	EA	8	\$500.00	\$4,000.00	\$298.70	\$2,389.60	\$300.00	\$2,400.00
4e	4"x4"x4" Compact DI Tee, MJ	EA	2	\$500.00	\$1,000.00	\$270.94	\$541.88	\$300.00	\$600.00
4f	8" CAP	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4g	6" CAP	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
4h	6"x4" Reducer	EA	0		\$0.00		\$0.00	\$400.00	\$0.00
5	ENCASEMENTS								
5a	Bore and Encase for 8" Water Line	LF	0		\$0.00		\$0.00	\$120.00	\$0.00
5b	Bore and Encase for 6" Water Line	LF	100	\$80.00	\$8,000.00	\$106.87	\$10,687.00	\$80.00	\$8,000.00
5c	Bore and Encase for 4" Water Line	LF	105	\$60.00	\$6,300.00	\$97.01	\$10,186.05	\$75.00	\$7,875.00
5d	Open Cut Case for 8" Water Line	LF	0		\$0.00		\$0.00	\$60.00	\$0.00
5e	Open Cut Case for 6" Water Line	LF	275	\$30.00	\$8,250.00	\$55.66	\$15,306.50	\$40.00	\$11,000.00
5f	Open Cut Case for 4" Water Line	LF	195	\$25.00	\$4,875.00	\$51.24	\$9,991.80	\$40.00	\$7,800.00
6	SERVICE CONNECTIONS								
6a	5/8" x 3/4" Water Meter Set, Radio Read with PRV	EA	145	\$600.00	\$87,000.00	\$801.80	\$116,261.00	\$575.00	\$83,375.00
6b	1" Copper Service Line - Type "K"	LF	4,775	\$9.00	\$42,975.00	\$10.59	\$50,567.25	\$8.50	\$40,587.50
6c	3/4" Copper Service Line - Type "K"	LF	9,025	\$7.00	\$63,175.00	\$9.90	\$89,347.50	\$7.50	\$67,687.50
7	HYDRANTS								
7a	Air Release	EA	2	\$1,000.00	\$2,000.00	\$427.26	\$854.52	\$500.00	\$1,000.00
7b	Blow-Off	EA	11	\$2,500.00	\$27,500.00	\$984.43	\$10,828.73	\$1,600.00	\$17,600.00
8	SURFACE REPLACEMENT (FOR MAIN LINE ONLY)								
8a	Pavement Replacement	LS	1	\$10,000.00	\$10,000.00	\$115,930.26	\$115,930.26	\$15,000.00	\$15,000.00
9	SAMPLING MH's AND PRV's								
9a	Sampling Manhole	EA	1	\$3,200.00	\$3,200.00	\$4,104.79	\$4,104.79	\$5,000.00	\$5,000.00
9b	Connect to Existing	EA	2	\$1,500.00	\$3,000.00	\$1,874.77	\$3,749.54	\$1,000.00	\$2,000.00
10	WATER STORAGE TANK / PUMPS								
10a	Water Booster Pump Station Joes Creek	EA	1	\$60,000.00	\$60,000.00	\$56,183.86	\$56,183.86	\$60,000.00	\$60,000.00
10b	20,000 Skid Tank, Complete-In-Place Joes Creek	EA	1	\$50,000.00	\$50,000.00	\$59,086.05	\$59,086.05	\$50,000.00	\$50,000.00
TOTAL BASE BID FOR CONTRACT 1B					\$906,295.00		\$874,246.36		\$855,860.00
SUMMATION OF TOTAL BASE BIDS FOR CONTRACT 1A AND CONTRACT 1B (NOTE 5)					\$1,807,485.00		\$1,732,510.19		\$1,714,400.00

The above is a true and complete tabulation of bids received at 2:00 pm (local time), on Wednesday August 17, 2005 at the offices of the Mountain Water District, Pike County, Kentucky 41501

Jody G. Hunt _____ Date _____

BD TABULATION: CONTRACT 2- JOHNS CREEK TO DRY BRANCH

ITEM NO.	ITEM	UNIT	QUANTITY	UNIT PRICE	AMOUNT						
1	GENERAL										
1a	Mobilization/DEMOLITION	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 18,000.00	\$ 18,000.00	\$ 21,656.90	\$ 21,656.90	\$ 15,000.00	\$ 15,000.00
1b	Bedding	LS	1	\$ 5,000.00	\$ 5,000.00	\$ 2,000.00	\$ 2,000.00	\$ 9,373.10	\$ 9,373.10	\$ 3,000.00	\$ 3,000.00
1c	SPECIAL PIPE BEDDING	TON	200	\$ 20.00	\$ 4,000.00	\$ 15.00	\$ 3,000.00	\$ 23.74	\$ 4,748.00	\$ 8.00	\$ 1,600.00
2	WATER LINE										
2a	8" DI RIVER CROSSING PIPE	LF	90	\$ 90.00	\$ 8,100.00	\$ 90.00	\$ 8,100.00	\$ 95.40	\$ 8,586.00	\$ 150.00	\$ 13,500.00
2b	8" WATER MAIN UNCLASSIFIED ()	LF	11,000	\$ 18.00	\$ 198,000.00	\$ 15.22	\$ 167,420.00	\$ 10.70	\$ 117,700.00	\$ 18.00	\$ 198,000.00
2c	5" WATER MAIN UNCLASSIFIED ()	LF	9,400	\$ 13.25	\$ 124,550.00	\$ 12.91	\$ 121,354.00	\$ 7.93	\$ 71,722.00	\$ 17.00	\$ 159,000.00
2d	4" WATER MAIN UNCLASSIFIED ()	LF	8,180	\$ 12.50	\$ 102,250.00	\$ 11.00	\$ 90,980.00	\$ 6.12	\$ 50,061.60	\$ 16.00	\$ 130,880.00
2e	6" DI WATER LINE, CL 350, MJ	LF	110	\$ 17.00	\$ 1,870.00	\$ 16.00	\$ 1,760.00	\$ 21.08	\$ 2,318.80	\$ 22.00	\$ 2,420.00
2f	6" DI WATER LINE, CL 350, PJ	LF	150	\$ 18.00	\$ 2,700.00	\$ 21.00	\$ 3,150.00	\$ 23.47	\$ 3,520.50	\$ 24.00	\$ 3,600.00
2g	6" DI WATER LINE, CL 350, PJ	LF	150	\$ 17.00	\$ 2,550.00	\$ 15.00	\$ 2,250.00	\$ 18.81	\$ 2,821.50	\$ 22.00	\$ 3,300.00
2h	4" DI WATER LINE, CL 350, PJ	LF	30	\$ 16.00	\$ 480.00	\$ 14.00	\$ 420.00	\$ 18.45	\$ 553.50	\$ 22.00	\$ 660.00
3	VALVES										
3a	6" RESIDENT WEDGE GATE VALVE, MJ	EA	6	\$ 1,000.00	\$ 6,000.00	\$ 800.00	\$ 4,800.00	\$ 795.32	\$ 4,771.92	\$ 1,000.00	\$ 6,000.00
3b	6" RESIDENT WEDGE GATE VALVE, MJ	EA	8	\$ 600.00	\$ 4,800.00	\$ 500.00	\$ 4,000.00	\$ 556.06	\$ 4,448.48	\$ 900.00	\$ 7,200.00
3c	4" RESIDENT WEDGE GATE VALVE, MJ	EA	15	\$ 400.00	\$ 6,000.00	\$ 400.00	\$ 6,000.00	\$ 454.08	\$ 6,811.20	\$ 800.00	\$ 12,000.00
3d	CURB STOP	EA	3	\$ 400.00	\$ 1,200.00	\$ 90.00	\$ 270.00	\$ 154.40	\$ 463.20	\$ 250.00	\$ 750.00
4	FITTINGS										
4a	8"x6" COMPACT DI Tee, MJ	EA	2	\$ 400.00	\$ 800.00	\$ 200.00	\$ 400.00	\$ 375.35	\$ 750.70	\$ 250.00	\$ 500.00
4b	6"x6" COMPACT DI Tee, MJ	EA	3	\$ 400.00	\$ 1,200.00	\$ 200.00	\$ 600.00	\$ 358.89	\$ 1,075.17	\$ 250.00	\$ 750.00
4c	6"x6" COMPACT DI Tee, MJ	EA	0	\$ 300.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 250.00	\$ 250.00
4d	6"x6" COMPACT DI Tee, MJ	EA	1	\$ 300.00	\$ 300.00	\$ 120.00	\$ 120.00	\$ 199.70	\$ 298.70	\$ 250.00	\$ 250.00
4e	4"x4" COMPACT DI Tee, MJ	EA	2	\$ 300.00	\$ 600.00	\$ 120.00	\$ 240.00	\$ 120.94	\$ 241.88	\$ 250.00	\$ 500.00
4f	6" CAP	EA	1	\$ 400.00	\$ 400.00	\$ 200.00	\$ 200.00	\$ 174.51	\$ 214.51	\$ 200.00	\$ 200.00
4g	6" CAP	EA	0	\$ 400.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 200.00	\$ 200.00
4h	6"x4" REDUCER	EA	2	\$ 400.00	\$ 800.00	\$ 100.00	\$ 200.00	\$ 233.62	\$ 467.24	\$ 200.00	\$ 400.00
5	ENCASUREMENTS										
5a	Bore and Encase for 6" WATER LINE	LF	35	\$ 120.00	\$ 4,200.00	\$ 120.00	\$ 4,200.00	\$ 128.75	\$ 4,506.25	\$ 125.00	\$ 4,375.00
5b	Bore and Encase for 6" WATER LINE	LF	110	\$ 80.00	\$ 8,800.00	\$ 90.00	\$ 9,900.00	\$ 108.87	\$ 11,755.70	\$ 115.00	\$ 12,600.00
5c	Bore and Encase for 4" WATER LINE	LF	35	\$ 75.00	\$ 2,625.00	\$ 80.00	\$ 2,800.00	\$ 97.01	\$ 3,395.35	\$ 100.00	\$ 3,500.00
5d	Open Cut Case for 6" WATER LINE	LF	105	\$ 60.00	\$ 6,300.00	\$ 40.00	\$ 4,200.00	\$ 70.04	\$ 7,354.20	\$ 75.00	\$ 7,875.00
5e	Open Cut Case for 6" WATER LINE	LF	225	\$ 40.00	\$ 9,000.00	\$ 40.00	\$ 9,000.00	\$ 58.68	\$ 13,223.50	\$ 65.00	\$ 14,625.00
5f	Open Cut Case for 4" WATER LINE	LF	75	\$ 40.00	\$ 3,000.00	\$ 40.00	\$ 3,000.00	\$ 51.24	\$ 3,843.00	\$ 55.00	\$ 4,125.00
6	SERVICE CONNECTIONS										
6a	5/8" x 3/4" WATER METER SOL. RADIO READ WITH PRV	EA	110	\$ 575.00	\$ 63,250.00	\$ 550.00	\$ 60,500.00	\$ 601.80	\$ 66,198.00	\$ 900.00	\$ 99,000.00
6b	1" COPPER SERVICE LINE - TYPE "K"	LF	2,550	\$ 8.50	\$ 21,675.00	\$ 7.00	\$ 17,950.00	\$ 10.59	\$ 27,004.50	\$ 9.00	\$ 22,950.00
6c	3/4" COPPER SERVICE LINE - TYPE "K"	LF	6,225	\$ 7.50	\$ 46,687.50	\$ 5.00	\$ 31,125.00	\$ 9.90	\$ 61,827.50	\$ 8.00	\$ 49,800.00
7	HYDRANTS										
7a	AV RELEASE	EA	3	\$ 500.00	\$ 1,500.00	\$ 500.00	\$ 1,500.00	\$ 427.26	\$ 1,281.78	\$ 2,000.00	\$ 6,000.00
7b	BLOW-OFF	EA	9	\$ 1,600.00	\$ 14,400.00	\$ 1,600.00	\$ 14,400.00	\$ 94.43	\$ 8,559.87	\$ 2,000.00	\$ 18,000.00
8	BUFF/PAGE REPLACEMENT (FORM MAIN LINE ONLY)										
8a	PAVEMENT REPLACEMENT	LS	1	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 99,757.51	\$ 99,757.51	\$ 15,000.00	\$ 15,000.00
8b	SAMPLING MANHOLE AND PRV'S										
9a	SAMPLING MANHOLE	EA	1	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 4,104.79	\$ 4,104.79	\$ 2,500.00	\$ 2,500.00
9b	CONNECT TO EXISTING	EA	1	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,874.77	\$ 1,874.77	\$ 1,500.00	\$ 1,500.00
10	WATER STORAGE TANK / PUMPS										
10a	WATER BOOSTER PUMP STATION DRY BRANCH	EA	1	\$ 60,000.00	\$ 60,000.00	\$ 48,000.00	\$ 48,000.00	\$ 55,826.41	\$ 55,826.41	\$ 50,000.00	\$ 50,000.00
10b	20,000 SKID TANK, COMPLETE-IN-PLACE DRY BRANCH	EA	1	\$ 50,000.00	\$ 50,000.00	\$ 57,000.00	\$ 57,000.00	\$ 59,936.05	\$ 59,936.05	\$ 60,000.00	\$ 60,000.00
	TOTAL				\$ 792,957.50		\$ 712,476.00		\$ 762,577.86		\$ 931,520.00

The above is a true and complete tabulation of bids received at 2:00 pm (local time), on Wednesday August 17, 2005 at the offices of the Mountain Water District Pike County, Kentucky 41501

Date _____
Jody G. Hunt

News-Express

P.O. Box 802, 129 Caroline Avenue, Pikeville, Kentucky 41502 (606) 437-4054 or 432-0148

FAX (606) 437-4246

FAX (606) 432-2855

NEWSPAPER AFFIDAVIT

I, Mike Moore, Editor of the Appalachian
 newspaper, published at Pikeville, Kentucky and
 having the largest general circulation of any newspaper in
 Pike County Kentucky do hereby certify that from my own
 knowledge and a review of the files of this newspaper that the
 advertisement of "Advertisement for Bid
Mountain Water District was inserted in the
 Appalachian News-Express on the following dates:

DATE 7-31-05 PAGE NO, 85-98 COLUMN NO, 6, 7, 8, 9 - 1
 DATE _____ PAGE NO. _____ COLUMN NO. _____
 DATE _____ PAGE NO, _____ COLUMN NO, _____
 DATE _____ PAGE NO, _____ COLUMN NO. _____

SIGNATURE Mike Moore

Subscribed and returned to before me by Mike Moore

This 1 day of September, 2005

NOTARY PUBLIC, Iwen Mullins

My commission expires: August 1, 2009

**ADVERTISE-
MENT FOR
BIDS
SECTION ONE
Mountain Water
District
Owner
P. O. Box 3157
Pikeville, Ken-
tucky 41501
Address
Separate sealed
Bids for the con-
struction of (briefly
describe nature,
scope, and major
elements of the
Work)
Johns Creek Water**

650 - LEGALS

Supply Project:
Summation of
Contract No. 1A-
Miller Creek & KY
194 and Contract
No. 1B- Joes Creek
& Left Fork of Joes
Creek
Contract No. 2-
Johns Creek to Dry
Branch will be
received by
Mountain Water
District at the
office of
Will Brown, Super-
tendent until
2:00 p.m., (Local
Time) August 10,
2005 and then at
said office publicly
opened and read
aloud.

It is the intent of
the Owner to
award Contract 1A
and Contract 1B to
a single contractor.
A valid bid for
Contract 1 shall be
the summation of
the contractor's bid
for Contract 1A
and Contract 1B.
The Contract Doc-
uments may be
examined at the
following locations:
Mountain Water
District, P.O. Box

650 - LEGALS

3157, U.S. 119
East, Pikeville, KY
41501
Summit Engineer-
ing, Inc., 120
Prosperous Place,
Suite 101, Lexing-
ton, KY 40509
Summit Engineer-
ing, Inc., 131
Summit Dr., Pike-
ville, KY 41501
Copies of the
Contract Docu-
ments may be pur-
chased from Lynn
Imaging upon pay-
ment of a non-
refundable charge
of \$250.00 per set

650 - LEGALS

cash or check,
payable to Lynn-
Imaging. Docu-
ments may be
obtained from
Lynn Imaging, 328
Old Vine Street,
Lexington, KY
40507, 859/226-
5860 or at
[http://www.lynn-
nimagining.com](http://www.lynn-
nimagining.com). If
documents are to
be mailed, there
will be an addition-
al handling fee of
\$10.00 for each set
payable to Lynn
Imaging. Federal wage and

650 - LEGALS

hour provisions do
apply to this proj-
ect. State and hour
provisions do apply
to this project.
This project is
being funded, in
part, with RD and
CDBG funds.
A Mandatory Pre-
Bid Conference
will be conducted
by representatives
of Summit Engi-
neering, Inc. In-
terested parties
are to meet at the
offices of Mountain
Water District at
9:00 a.m. on
August 5, 2005.
Date
Mountain Water
District

SUMMARY ENGINEERING REPORT
JOHNS CREEK WATER SUPPLY PROJECT

JUNE 6, 2003

REVISED JULY 24, 2003

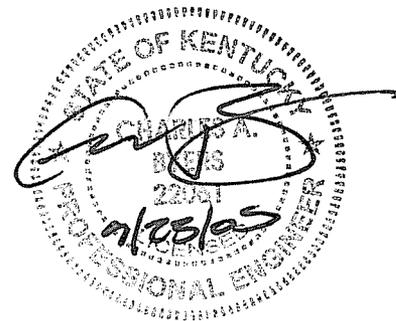
RECEIVED

OCT 24 2005

PUBLIC SERVICE
COMMISSION

Prepared for

MQUNTAIN WATER DISTRICT
PIKE COUNTY, KENTUCKY



S U M M I T E N G I N E E R I N G I N C .

Pikeville

Lexington

Hazard

Charleston

Logan

Grundy

TABLE OF CONTENTS

	Page
1. Project Components	1
2. Layout	1
3. Feasibility Analysis	1
4. Beneficiaries	2
5. Method of Construction	2
6. Life Expectancy	2
7. Construction Cost Estimate	3
8. Permits	3
9. Schedule	3
10. Proximity	3

LIST OF EXHIBITS

- 2-1 Layout Map
- 3-1 Possible Project Funding
- 4-1 Project Beneficiaries
- 7-1 Summary of Opinion of Probable Project Cost
- 7-2 Preliminary Construction Cost Opinion – Contracts 1 & 2

ITEM 1 -- PROJECT COMPONENTS

The Johns Creek Water Supply Project will construct a new waterline and extend potable water service to approximately 423 new customers in Miller Creek, Joes Creek, Dry Branch, Mikes Branch, Lowe Branch, Pinson Branch and along Highway 194 West in Johns Creek. The intent of the project is to replace unsafe well water supplies with a reliable potable public water supply. The project will be organized in two contracts as follows:

1. **Contract No. 1 – Miller Creek to Joes Creek** – Miller Creek and Joes Creek are densely populated, narrow, winding hollows located off Highway 194 West in Johns Creek. This area has no existing water system. Residents of the area obtain water from drilled wells. Water supply from wells is dependent upon rainfall and drilled location. Some residents experience low water supply during times of dry weather. Installation of the new line will provide a dependable potable water supply to the area. The project will include approximately 50,300 LF of water mains and will serve approximately 270 residents. Contract No. 1 also includes a 20,000 GAL skid tank with pump station as alternates.
2. **Contract No. 2 – Johns Creek to Dry Branch.** The Johns Creek to Dry Branch extension will serve heavily populated Pike County areas along Highway 194 West, including Mikes Branch and Dry Branch. These communities are also dependant upon drilled wells for potable water supply. The project will include approximately 21,750 LF of water mains, which will serve approximately 153 residents. Contract No. 2 also includes a 20,000 GAL, skid tank with pump station as alternates.

ITEM 2 – LAYOUT

The location of the major elements of the work is illustrated on Exhibit '2-1'.

ITEM 3 - FEASIBILITY ANALYSIS

The Johns Creek Water Supply Project is a rural project. Historically, water supply from drilled wells is low in quality and is unreliable in times of low rainfall in Pike County. Therefore, a new potable water system will provide the best and most reliable service to these communities in Pike County.

Funding Sources may include, but are not limited to: The Appalachian Regional Commission, Community Development Block Grant, and Rural Development Grant / Loan.

Exhibit 3-1 itemizes the possible project funding.

**EXHIBIT 3-1
POSSIBLE PROJECT FUNDING**

FUNDING AGENCY	AMOUNT
CDBG Grant:	\$1,000,000.00
Rural Development Grant:	\$750,000.00
Rural Development Loan:	\$1,500,000.00
ARC Grant:	\$500,000.00
TOTAL:	\$3,750,000.00

ITEM 4 – BENEFICIARIES

Exhibit 4-1 itemizes the project beneficiaries. The project provides new water service to approximately 423 households in Pike County.

**EXHIBIT 4-1
PROJECT BENEFICIARIES**

	Contract 1: <u>Miller Creek to Joes Creek</u>	Contract 2: <u>Johns Creek to Dry Branch</u>	<u>Total</u>
New Customers :	270	153	423

ITEM 5 – METHOD OF CONSTRUCTION

The project will be advertised for competitive bids. At this time it is contemplated that the work will be organized as two construction contracts. These are:

- Contract 1 – Miller Creek to Joes Creek
- Contract 2 – Johns Creek to Dry Branch

ITEM 6 – LIFE EXPECTANCY

The design life of the major components of the project are as follows:

Main Distribution Lines	50 Years
Dry Br. Skid Tank	50 Years

Joes Cr. Skid Tank	50 Years
Joes Creek Pump Station	20 Years
Dry Branch Pump Station	20 Years

ITEM 7 - CONSTRUCTION COST ESTIMATE

Detailed construction cost estimates are provided as Exhibits 7-1 through 7-2. Exhibit 7-1 is a summary exhibit.

ITEM 8 – PERMITS

The major construction permits required for this project include:

- KYDOH Encroachment Permit
- KYDOW Drinking Water Permit
- KYDOH Permit to Construct Along or Across a Stream Course
- CSX Transportation Encroachment Permits

Permit applications will not be prepared until final plans are available.

ITEM 9 – SCHEDULE

The design period should be one (1) month. The construction period should be nine (9) to twelve (12) months. Frequently, the design / construction process is significantly delayed by right of way acquisition.

ITEM 10 – PROXIMITY

The project is located in Johns Creek, Kentucky approximately 10 miles from Pikeville, Kentucky. The Pike County Regional Airport is located within a few miles of the project.

DATE	DESCRIPTION OF REVISION

JOHNS CREEK WATER SUPPLY PROJECT
WATER SUPPLY PROJECT
PIKE COUNTY, KENTUCKY
GENERAL LOCATION MAP

SUMMIT ENGINEERING, INC.



DATE: 9-13-03
 SCALE: 1" = 3000'-0"
 DRAWN BY: SHAMT
 CHECKED BY: CAB
 SHEET: EX 2-1
 OF: 1

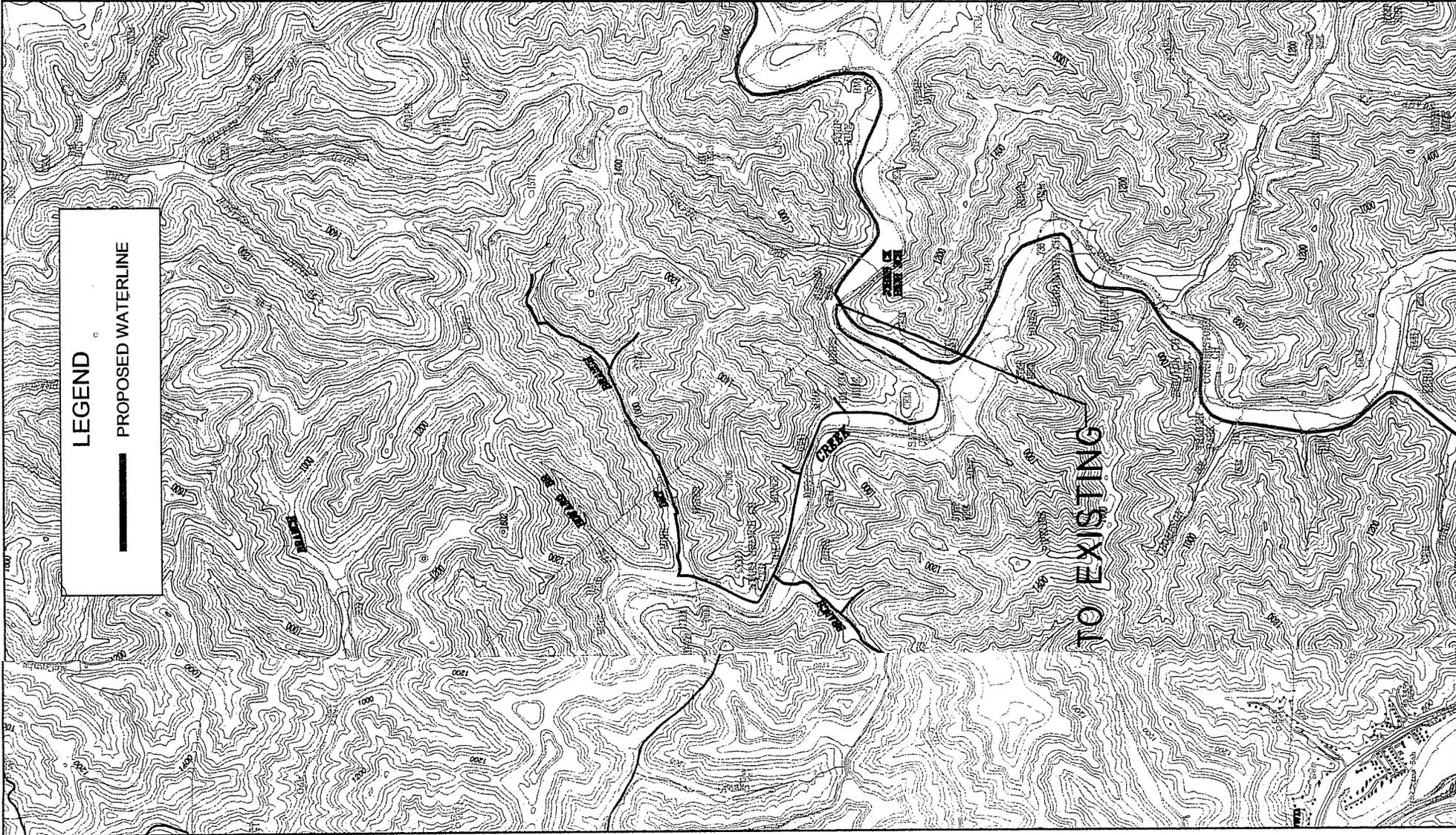


EXHIBIT 7-1
PRELIMINARY OPINION OF PROBABLE PROJECT COST
LOWER JOHNS CREEK WATER SUPPLY PROJECT
03 YEAR PLAN

ITEM NUMBER	ITEM DESCRIPTION	UNIT	UNIT COST	QTY	AMOUNT
1	Contract 1	LS	\$ 1,883,657.50	1	\$ 1,883,657.50
2	Contract 2	LS	\$ 926,652.50	1	\$ 926,652.50
3	20,000 GAL Skid Tank in Joes Cr. (Alternate)	LS	\$ 40,000.00	1	\$ 40,000.00
4	Telemetry RTU Skid Tank (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
5	Pump Station in Joes Cr. (Alternate)	LS	\$ 35,000.00	1	\$ 35,000.00
6	Telemetry RTU Pump Station (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
7	20,000 GAL Skid Tank in Dry Br (Alternate)	LS	\$ 40,000.00	1	\$ 40,000.00
8	Telemetry RTU Skid Tank (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
9	Pump Station in Dry Br (Alternate)	LS	\$ 35,000.00	1	\$ 35,000.00
10	Telemetry RTU Pump Station (Alternate)	LS	\$ 7,500.00	1	\$ 7,500.00
TOTAL CONSTRUCTION COST					\$2,990,310.00
Construction Contingency @ 10%					\$299,031.00
Basic Engineering @		6.720%			\$200,948.83
Resident Inspection @		3.000%			\$89,709.30
Additional Engineering Services					\$70,000.00
Preliminary & Final Engineering Report			\$5,000.00		
Project Financing and Administration Including CDBG			\$57,500.00		
Environmental			\$7,500.00		
Geotechnical					\$5,000.00
Archaeological Investigations					\$1,500.00
Right of Way (Title Opinion, Appraisal, Negotiations, Property Surveys, Acq / Condemnation)					\$50,000.00
Miscellaneous (Legal, Fees for RR permits, Advertisements & Public Notices, etc.)					\$ 43,500.87
TOTAL PROJECT COST					\$3,750,000.00

Exhibit 7-2
Lower Johns Creek Water Supply Project
Preliminary Construction Cost Opinion

ITEM NO.	ITEM	UNIT	CONTRACT 1			CONTRACT 2		
			QUANTITY	UNIT PRICE	AMOUNT	QUANTITY	UNIT PRICE	AMOUNT
1	GENERAL							
1a	Mobilization/DeMobilization	LS	1	\$43,000.00	\$43,000.00	1	\$30,000.00	\$30,000.00
1b	Seeding	LS	1	\$14,500.00	\$14,500.00	1	\$7,000.00	\$7,000.00
1c	Special Pipe Bedding	TON	200	\$20.00	\$4,000.00	200	\$20.00	\$4,000.00
2	WATER LINE							
2a	8" DI Creek Crossing Pipe	LF	200	\$175.00	\$35,000.00	200	\$175.00	\$35,000.00
2b	6" DI Creek Crossing Pipe	LF	60	\$150.00	\$9,000.00	80	\$150.00	\$12,000.00
2f	8" DI Water Line, CL 350, PJ	LF	50,300	\$20.75	\$1,043,725.00	13,200	\$20.75	\$273,900.00
2g	6" DI Water Line, CL 350, PJ	LF	7,600	\$18.75	\$142,500.00	8,550	\$18.75	\$160,312.50
2h	4" DI Water Line, CL 350, PJ	LF	0	\$16.25	\$0.00	4,900	\$16.25	\$79,625.00
2i	4" PVC Water Line, SDR 17	LF	0	\$12.00	\$0.00	0	\$12.00	\$0.00
3	VALVES							
3a	8" Resilient Wedge Gate Valve, MJ	EA	31	\$1,000.00	\$31,000.00	14	\$1,000.00	\$14,000.00
3b	6" Resilient Wedge Gate Valve, MJ	EA	7	\$950.00	\$6,650.00	8	\$950.00	\$7,600.00
3c	4" Resilient Wedge Gate Valve, MJ	EA	10	\$900.00	\$9,000.00	14	\$900.00	\$12,600.00
4	FITTINGS							
4a	8"x8"x8" Compact DI Tee, MJ	EA	3	\$300.00	\$900.00	1	\$300.00	\$300.00
4b	8"x8"x6" Compact DI Tee, MJ	EA	7	\$300.00	\$2,100.00	2	\$300.00	\$600.00
4c	8"x8"x4" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	2	\$300.00	\$600.00
4d	6"x6"x6" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	0	\$300.00	\$0.00
4e	6"x6"x4" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	2	\$300.00	\$600.00
4f	4"x4"x4" Compact DI Tee, MJ	EA	0	\$300.00	\$0.00	0	\$300.00	\$0.00
4g	8" CAP	EA	2	\$300.00	\$600.00	1	\$300.00	\$300.00
4h	8"x6" Reducer	EA	0	\$300.00	\$0.00	1	\$300.00	\$300.00
4i	8"x4" Reducer	EA	0	\$300.00	\$0.00	0	\$300.00	\$0.00
4j	6"x4" Reducer	EA	0	\$300.00	\$0.00	1	\$300.00	\$300.00
5	ENCASEMENTS							
5a	Bore and Encase for 8" Water Line	LF	230	\$175.00	\$40,250.00	130	\$175.00	\$22,750.00
5b	Bore and Encase for 6" Water Line	LF	0	\$170.00	\$0.00	50	\$170.00	\$8,500.00
5c	Bore and Encase for 4" Water Line	LF	0	\$150.00	\$0.00	0	\$150.00	\$0.00
5d	Open Cut Case for 8" Water Line	LF	435	\$60.00	\$26,100.00	20	\$60.00	\$1,200.00
5e	Open Cut Case for 6" Water Line	LF	60	\$50.00	\$3,000.00	120	\$50.00	\$6,000.00
5d	Open Cut Case for 4" Water Line	LF	0	\$45.00	\$0.00	20	\$45.00	\$900.00
6	SERVICE CONNECTIONS							
6a	5/8" x 3/4" Water Meter Set w Double Cut Regulation	EA	0	\$600.00	\$0.00	0	\$600.00	\$0.00
6b	5/8" x 3/4" Water Meter Set with PRV	EA	293	\$500.00	\$146,500.00	146	\$500.00	\$73,000.00
6c	1" Copper Service Line - Type "K"	LF	0	\$8.00	\$0.00	0	\$8.00	\$0.00
6d	3/4" Copper Service Line - Type "K"	LF	21,975	\$7.50	\$164,812.50	10,922	\$7.50	\$81,915.00
7	HYDRANTS							
7a	Air Release	EA	8	\$1,600.00	\$12,800.00	3	\$1,600.00	\$4,800.00
7b	Blow-Off	EA	10	\$1,600.00	\$16,000.00	9	\$1,600.00	\$14,400.00
8	SURFACE REPLACEMENT (FOR MAIN LINE ONLY)							
8a	Pavement Replacement	LF	5,790	\$18.00	\$104,220.00	2,675	\$18.00	\$48,150.00
9	SAMPLING MH'S AND PRV'S							
9a	PRV	EA	0	\$0.00	\$0.00	0	\$0.00	\$0.00
9b	Sampling Manhole	EA	2	\$12,000.00	\$24,000.00	2	\$12,000.00	\$24,000.00
9c	Connect to Existing	EA	2	\$2,000.00	\$4,000.00	1	\$2,000.00	\$2,000.00
10	WATER STORAGE TANK							
10a	20,000 GAL Joes Creek Skid Tank (Alternate)	EA	1	\$40,000.00	\$40,000.00	0	\$40,000.00	\$0.00
10c	Telemetry RTU Joes Cr. Skid Tank (Alternate)	EA	1	\$7,500.00	\$7,500.00	0	\$7,500.00	\$0.00
10d	20,000 GAL Dry BR. Skid Tank (Alternate)	EA	0	\$40,000.00	\$0.00	1	\$40,000.00	\$40,000.00
10e	Telemetry RTU Dry BR. Skid Tank (Alternate)	EA	0	\$7,500.00	\$0.00	1	\$7,500.00	\$7,500.00
10f	Joes Cr. Pump Station (Alternate)	EA	1	\$35,000.00	\$35,000.00	0	\$35,000.00	\$0.00
10e	Telemetry RTU Joes Cr. Pump Station (Alternate)	EA	1	\$7,500.00	\$7,500.00	0	\$7,500.00	\$0.00
10f	Dry Branch Pump Station (Alternate)	EA	0	\$35,000.00	\$0.00	1	\$35,000.00	\$35,000.00
10e	Telemetry RTU Dry BR. Pump Station (Alternate)	EA	0	\$7,500.00	\$0.00	1	\$7,500.00	\$7,500.00
	TOTAL				\$1,883,657.50			\$926,652.50
	Total With Alternates:				\$1,973,657.50			\$1,016,652.50

ESTIMATION EXPLANATION

Mobilization/DeMobilization @ 2.5% of Construction Cost
 Seeding @ \$0.25 / LF
 3/4" Copper Service Line - Type "K" @ 75 LF / House
 Pavement Replacement @ 10% of Line Length

Sum of Contract 1 & 2 With Alternates:	\$2,990,310.00
Sum of Contract 1&2 Without Alternates:	\$2,010,310.00